What Every Member of the Trade Community Should Know About:

CAVIAR



An Advanced Level
Informed Compliance Publication of the
U.S. Customs Service

February 1997

PREFACE

On December 8, 1993, Title VI of the North American Free Trade Agreement Implementation Act (Pub. L. 103-182, 107 Stat. 2057), which is also known as the Customs Modernization Act or "Mod Act," became effective. These provisions amended many sections of the Tariff Act of 1930 and related laws. Two new concepts which emerge from the Mod Act are "informed compliance" and "shared responsibility." These concepts are premised on the idea that in order to maximize voluntary compliance with Customs laws and regulations, the trade community needs to be clearly and completely informed of its legal obligations. Accordingly, the Mod Act imposes a greater obligation on Customs to provide the public with improved information concerning the trade community's responsibilities and rights under the Customs and related laws. In addition, both the trade and Customs share responsibility in carrying out import requirements. For example, under section 484 of the Tariff Act, as amended, (19 U.S.C. §1484) the importer of record is responsible for using reasonable care to enter, classify and value imported merchandise, and provide any other information necessary to enable Customs to properly assess duties, collect accurate statistics and determine whether any other applicable legal requirement is met. The Customs Service is then responsible for fixing the final classification and value of the merchandise. The failure of an importer of record to exercise reasonable care may lead to delay in the release of merchandise or the imposition of penalties.

This office has been given a major role in meeting Customs informed compliance responsibilities. In order to provide information to the public, Customs intends to issue a series of informed compliance publications, and possibly CD-ROMs and videos, on topics such as value, classification, entry procedures, determination of country of origin, marking requirements, intellectual property rights, record keeping, drawback, penalties and liquidated damages.

The National Commodity Specialist Division of the Office of Regulations and Rulings has prepared this publication on Caviar as one in a series. It is hoped that this material, together with seminars and increased access to Customs rulings, will help the trade community in improving voluntary compliance with the Customs laws.

The information provided in this publication is for general information purposes only. Recognizing that many complicated factors may be involved in customs issues, an importer may wish to obtain a ruling under Customs Regulations, 19 C.F.R. 177, or obtain advice from an expert (such as a licensed Customs Broker, attorney or consultant) who specializes in Customs matters. Reliance solely on the general information in this publication may not be considered reasonable care.

Comments and suggestions are welcomed, and should be addressed to the Assistant Commissioner at the Office of Regulations and Rulings, U.S. Customs Service, 1300 Pennsylvania Avenue, N.W., Washington, D.C. 20229.

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Office of Regulations and Rulings

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Caviar

What Caviar Is

Caviar is the eggs or roe of sturgeon preserved with salt. It is prepared by removing the egg masses from freshly caught fish and passing them carefully through a fine-mesh screen to separate the eggs and remove extraneous bits of tissue and fat. At the same time, 4-6 percent salt is added to preserve the eggs and bring out the flavor. Most caviar is produced in Russia and Iran from fish taken from the Caspian Sea, the Black Sea, and the Sea of Azov.

Caviar is graded according to the size of the eggs and the manner of processing. The grades are named for the types of sturgeon from which the eggs are taken. The species of sturgeon (Family Acipenseridae) that produce caviar are, in order of size, beluga, osetra, and sevruga.

Lesser grades of caviar, made from broken or immature eggs, are more heavily salted and compressed. This payusnaya caviar (pressed caviar) is preferred by some because of its more intense flavor. Payusnaya is a coarser product, which consists mostly of roe that is premature or damaged in the sieving process. It is more heavily salted (10 percent), pressed in bulk, and shipped for canning elsewhere.

The Sturgeon

Sturgeons are fish of the Family Acipenseridae. The toothless sturgeon is one of the few surviving bony fish (the bones are soft and cartilaginous) which have retained their prehistoric appearance. Because their unique skeletal structure has distinct longitudinal bony plates on the outside, they have no bones in the flesh - a characteristic that gourmets welcome.

There are twenty-four existing sturgeon species worldwide. Five of them live in the Caspian Sea, and only three supply caviar. The three species of sturgeon that supply caviar are the beluga, the osetra, and the sevruga. These three give us 90 percent of the world's production.

Types of Caviar

A) Beluga (Huso huso)

The beluga is the largest sturgeon and the only predator in the family. It is so rare that the annual beluga catch does not exceed 100 units. The beluga is strong, vigorous, large-mouthed, and nomadic, following its prey, shoals of whitefish. Beluga caviar, the largest, is light to dark gray. It is highly

valued for its large granules (coarse roe) and delicate skin.

B) Osetra (Acipenser gueldenstaedtii colchicus) - also known as asetra, oscetra, ossetra, and ossetrova

The medium-sized sturgeon probes the sea bed with a projecting snout. The snout is elongate and there are four barbels on its lower surface. It is equipped to vacuum up plants and small forms of sea life.

Osetra caviar is dark brown-gray to golden. It is the only variety of caviar with a unique nut flavor.

C) Sevruga (Acipenser stellatus)

The sevruga is small, and it has a pointed snout with an upward tilt. The diamond-shaped exoskeletal plates are the most distinct in this species of sturgeon.

Sevruga caviar, the smallest, is greenish black and fine-grained.

How Caviar is Graded

The factors that are considered in the grading of caviar are the uniformity and consistency of the grain, the size, color, fragrance, flavor, the gleam, firmness and vulnerability of the roe skin.

A) Grade 1

Grade 1 caviar is caviar which ideally combines all properties: it must be firm, large grained, delicate, intact, of fine color and flavor.

B) Grade 2

Grade 2 caviar is also fresh caviar with normal grain size, very good color and fine flavor.

C) Pressed Caviar

In this grade, external effect caused the fracture of more than 35 percent of the roe skins before it was removed from the fish. Therefore, this caviar is treated in a different manner than grade 1 and grade 2 caviar. It consists of a roe blend from the osetra and sevruga. This blended roe, usually milky and soft, is heated to 38 degrees Centigrade in a saline solution and stirred until it has absorbed salt and regains its natural color. Then, it is cast into "talees," fabric pouches in which it is pressed out to remove excess salt and oil.

Pressed caviar contains four times more roe than fresh caviar of the same weight. It is drier, spreadable, and it is also considered to be a delicacy. Because it takes four pounds of fresh caviar to prepare one pound of pressed, the resulting black paste has a highly concentrated flavor. The strong, sharp taste is favored by some gourmets.

Summary of Grading for Caviar

Beluga Caviar

Grade 1

Large grain. Absolute top quality. In this category, the following additional color criteria apply:

000 light gray

00 medium gray

0 dark gray

Grade 2

Smaller grain. Medium to light gray.

Osetra Caviar

Grade 1

In this quality, osetra is distinguished by three colors:

Royal Caviar: Gold The rarest and most coveted caviar (general yield from osetra is 1:1,000)

Color A: gray gold

Color B: dark gray

Grade 2

Smaller grain. Medium gray.

Sevruga Caviar

Grade 1

Dark gray to light gray

Grade 2

Smaller grain. Dark gray

Pressed Caviar

Preparation of Caviar

Fresh-grained caviar is prepared from the full roe of the female sturgeon. The sturgeons are caught in nets and taken back to the fishery laboratory alive. There they are clubbed and anesthetized, not killed, and the egg pockets are emptied. The fishermen carefully anesthetize the fish by hitting them at a specific spot below the head. The roe must be taken while the fish are still alive. If the fish experience the stress of death, they release a chemical into the eggs that spoils the caviar by making it bitter.

When beluga roe is taken from the fish to make the highest graded caviar, it is processed manually. The fish are placed on a coarse mesh screen spread across a wooden tub. The roe is removed by splitting the underside of the sturgeon with a sharp knife. Then the roe bags (filmy sacs containing the eggs) are broken by whipping them with birch switches. The freed roe is then passed over screens with varying-sized mesh to grade the eggs according to size. The roe is rubbed through the screens with the palm of the hand for optimum control. The process also separates the eggs from binding tissue.

During the process, the eggs drop into a tub below the mesh screens. After a portion of the eggs has been collected in the tub, it is transferred to a bucket and the process is repeated. Considerable care must be taken in rubbing the eggs through the screens, since bruising them results in a lower grade of caviar.

When all of the eggs have been collected, they are put into a tub and dry salt is added. The salt is thoroughly mixed with the roe. The eggs are then placed in a fine mesh screen to drain.

The caviar is packed in tin, glass or porcelain containers equipped with tight-fitting covers. It is then ready to eat or store under refrigeration.

Pasteurization

Some, not all, caviar is pasteurized. Pasteurization is effected by the immersion of the cans or jars of caviar in a hot-water bath at 155-160 degrees Fahrenheit for 30, 45, and 60 minutes for 1, 2, and 4 ounce containers, respectively. This treatment makes it possible to store caviar at temperatures as high as 60 degrees Fahrenheit for several months without off-flavors or decomposition resulting.

Special Requirements for Transport

The refrigerator, with its compartments for below freezing point storage, presents many dangers to the preservation of caviar. Once caviar has been frozen and then thawed out, the roe (berries) will have burst, the product will have become mushy, and the quality will have deteriorated to the lowest grade. In order to avoid having the berries burst, caviar must be refrigerated at 28 to 32 degrees Fahrenheit.

A prime requirement for top quality caviar is that each berry be well coated with its own glistening fat. One of the purchaser's concerns is that the fat in the caviar does not rise to the top of the can, to be scooped off by the vendor for a preferred customer, leaving less fatty berries for other, later buyers. The conscientious shipper sees to it that the caviar tins in the refrigerator are turned frequently during transport, in order to keep the fatty substance well distributed.

Classification of Caviar

The Harmonized Tariff Schedule of the United States (HTS) has an eo nomine provision for caviar in 1604.30.2000, HTS. The general most-favored-nation (MFN) rate of duty is 15 percent ad valorem (1996).

True caviar is roe that comes from the sturgeon. The Explanatory Notes to the Harmonized Commodity Description and Coding System defines caviar in Chapter 16 thus:

Caviar is prepared from the roe of the sturgeon, a fish found in the rivers of several regions (Italy, Alaska, Turkey, Iran and Russia); the main varieties are Beluga, Schirp, Ossiotr and Sewruga. Caviar is usually in the form of a soft, granular mass, composed of eggs between 2 and 4 mm in diameter and ranging in color from silver-grey to greenish- black; it has a strong smell and a slightly salty taste. It may also be presented pressed i.e: reduced to a homogeneous paste, sometimes shaped into small slender cylinders or packed in small containers.

Chapter 16 excludes fish roe that is still enclosed in the ovarian membrane, prepared or preserved only by processes provided for in Chapter 3.

Caviar of heading 1604.30.2000, HTS, may be entered free of duty, if the country of origin has been

designated a beneficiary country under the Generalized System of Preferences (Russia is not eligible for duty-free treatment under GSP in 1996), the North American Free Trade Agreement, the Caribbean Basin Economic Recovery Act, the United States-Israel Free Trade Area or the Andean Trade Preference Act, upon compliance with all applicable regulations (1996).

The Column 2 rate of duty is 30 percent ad valorem (1996).

Classification of Caviar Substitutes

Roe that comes from a fish other than the sturgeon is not true caviar, and it is classifiable as a caviar substitute. For example, the eggs of lumpfish, whitefish and salmon may be prepared or preserved as caviar substitutes. Although the term "caviar" may appear on the commercial invoice, and the importer's price list may show the merchandise under a caviar heading, for Customs classification purposes, this roe is not caviar, but rather, a caviar substitute. Attention must be given to the name of the fish that is specified on the invoice.

The Explanatory Notes describe caviar substitutes thus:

These are products consumed as caviar but prepared from the eggs of fish other than sturgeon (e.g., salmon, carp, pike, tuna, mullet, cod, lumpfish), which have been washed, cleaned of adherent organs, salted and sometimes pressed or dried. Such fish eggs may also be seasoned and colored.

The HTS provides for caviar substitutes under two subheadings. If the caviar substitute has been boiled and packed in airtight containers, the applicable subheading is 1604.30.3000, HTS, which provides for prepared or preserved fish; caviar and caviar substitutes prepared from fish eggs, caviar and caviar substitutes, caviar substitutes, boiled and in airtight containers. The general most-favored-nation (MFN) rate of duty is 1.5 percent ad valorem (1996).

Caviar substitutes of heading 1604.30.3000, HTS, which have been boiled and packed in airtight containers, if produced in designated countries, are eligible for duty free treatment under the North American Free Trade Agreement, the Caribbean Basin Economic Recovery Act, the United States-Israel Free Trade Area, and the Andean Trade Preference Act, upon compliance with all applicable regulations (1996).

The Column 2 rate of duty is 30 percent ad valorem (1996).

Caviar substitutes other than those which have been boiled and are in airtight containers are classifiable under subheading 1604.30.4000, HTS, which provides for prepared or preserved fish; caviar and caviar substitutes prepared from fish eggs, caviar and caviar substitutes, caviar substitutes, other. The general MFN rate of duty is free (1996). The Column 2 rate of duty is 44 cents per

kilogram (1996).

Invoicing Requirements

The accuracy of the information contained on invoices is an essential element of the structure of the many new and creative programs Customs has undertaken recently. These programs, including, but not limited to, automated entry processing and pre-importation review, may provide their benefits to the trade community as a whole, only if the data gathered is correct and complete. This concern for invoice accuracy is not new, but, as we progress in automation, accuracy becomes indispensable.

Section 141.86 of the Customs Regulations concerns invoicing requirements. Subparagraph (a)(3) of the section specifically requires that invoices have the following information:

"A detailed description of the merchandise, including the name by which each item is known, the grade or quality, and the marks, numbers and symbols under which sold by the seller or manufacturer to the trade in the country of exportation, together with the marks and numbers of the packages in which the merchandise is packed."

A "detailed description" is one which enables an import specialist to properly classify imported merchandise. Accordingly, the invoice description must indicate any information which has a direct bearing on the proper classification of the imported item and it is incumbent upon the importer of record to ensure that the detailed description is present on each invoice.

Importers do not have to provide information that is not necessary to classify a specific item. However, they are responsible for giving the Customs Service the information that is needed.

The following information is required on all invoices for caviar:

- 1) a detailed description of the caviar or caviar substitute i.e: if caviar, the species of sturgeon (beluga, osetra, sevruga, or pressed caviar); if a caviar substitute, the common name and the scientific name of the fish
- 2) method of packing size of the can or jar
- 3) unit value
- 4) total value of shipment
- 5) terms of sale

- 6) weight in pounds or kilograms
- 7) country of origin

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Further Information

Customs Electronic Bulletin Board

The Customs Electronic Bulletin Board (CEBB) is an automated system which provides the entire trade community with current, relevant information regarding Customs operations and items of special interest. It was established as another effort to promote the Customs Service as "trade friendly" within the importing and exporting community. The CEBB posts timely information including proposed regulations, ruling-modification/revocations, quota threshold status, Mod Act or Informed Compliance publications and notices, Customs Directives, Trade Operations Instructions, NAFTA Information, Intellectual Property Rights (trademarks & copyrights), and antidumping and countervailing duty instructions, etc., which may be "downloaded" to your own PC. The Customs Service does not charge the public to use the CEBB. You only pay telephone charges. To use the CEBB, you must have a personal computer with a modem. The CEBB supports modem speeds from 2400 to 28,800 baud. Set up your terminal as ANSI, set databits to 8, set parity to N and stopbits to 1. Dial (703) 440-6155 and log on with your name and choose a password. After a few questions, you are set to get up-to-date information from Customs. If you have any questions about the CEBB, please send mail to Sue Coppola at COPPOLA@COPPOS09.customs.sprint.com, or call (703) 440-6236.

Alternatively, experienced Internet users may Telnet to the CEBB by following these steps:

How to Telnet to the U.S. Customs BBS via Fedworld

- i. Open your telnet client and telnet to fedworld.gov
- ii. Logon as new and create your FedWorld user account (if you are a new user)
- iii. From the Options Menu, select Option 1 for FedWorld
- iv. From the Fedworld Main Menu, select Option U for Utilities
- v. At the Gateway Menu, select option D for the Gateway system
- vi. At the Gateway Menu, select option D to connect to a Gateway system

- vii. Enter the number 47 for the USCS-BBS
- viii. Logon to the USCS-BBS

The Internet

The Customs home page on the Internet's World Wide Web -- which began public operation on August 1, 1996 -- will also provide the entire trade community with current, relevant information regarding Customs operations and items of special interest. It was established as another effort to promote the Customs Service as "trade friendly" within the importing and exporting community. The home page will post timely information including proposed regulations, news releases, Customs publications and notices, *etc.*, which may be printed or "downloaded" to your own computer. Not all features may be available in the beginning. The Customs Service does not charge the public for this service, although you will need Internet access to use it. The Internet address for the Customs home page is http://www.uscustoms.ustreas.gov.

Customs Regulations

The current edition of *Customs Regulations of the United States*, in loose-leaf format, is available by subscription from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402. The bound 1996 Edition of Title 19, *Code of Federal Regulations*, which incorporates all changes to the Customs Regulations from April, 1995 through March, 1996 will be available for sale from the same address. All proposed and final regulations are published in *the federal Register* which is published daily by the Office of the Federal Register, National Archives and Records Administration, and distributed by the Superintendent of Documents. Information on on-line access to the *Federal Register* may be obtained by calling (202) 512-1530 between 7 a.m. and 5 p.m. Eastern time. These notices are also published in the weekly *Customs Bulletin* described below.

Customs Bulletin

The *Customs Bulletin and Decisions ("Customs Bulletin")* is a weekly publication which contains decisions, rulings, regulatory proposals, notices and other information of interest to the trade community. It also contains decisions issued by the U. S. Court of International Trade and Customs related decisions of the U. S. Court of Appeals for the Federal Circuit. Bound volumes are issued annually. The *Customs Bulletin* is available for sale from the Superintendent of Documents.

Video Tapes

The U. S. Customs Service has prepared a two hour video tape in VHS format to assist Customs officers and members of the public in understanding the new *Rules of Origin for Textiles and Apparel Products* which became effective on July 1, 1996. Copies of this tape are available from many trade organizations, customs

brokers, consultants and law firms. The tape may also be purchased for \$20.00 (U.S. funds) directly from the Customs Service. If you require further information, or would like to purchase one or more tapes, please forward your written request to: U.S. Customs Service, Office of Regulations and Rulings, 1301 Constitution Avenue, NW, Franklin Court, Washington, DC 20229, Attn: Operational Oversight Division. Orders must be accompanied by a check or money order drawn on a U.S. financial institution and made payable to U.S. Customs Service.

Informed Compliance Publications

The U. S. Customs Service has also prepared other Informed Compliance publications in this series which are available from the Customs Electronic Bulletin Board (see above). Of particular interest to importers are:

What Every Member of the Trade Community Should Know About:

- ! Fibers & Yarns
- ! Buying & Selling Commissions
- ! NAFTA for Textiles & Textile Articles
- ! Raw Cotton
- ! Customs Valuation
- ! Textile & Apparel Rules of Origin
- ! Mushrooms
- ! Marble
- ! Peanuts
- ! Bona Fide Sales and Sales for Exportation
- ! Caviar

Check the Customs Electronic Bulletin Board and the Customs Home Page for more recent publications.

Other Value Publications

Customs Valuation under the Trade Agreements Act of 1979 is a 96-page book containing a detailed narrative description of the customs valuation system, the customs valuation title of the Trade Agreements Act (§402 of the Tariff Act of 1930, as amended by the Trade Agreements Act of 1979 (19 U.S.C. §1401a)), the Statement of Administrative Action which was sent to the U.S. Congress in conjunction with the TAA, regulations (19 C.F.R. §§152.000-152.108) implementing the valuation system (a few sections of the regulations have been amended subsequent to the publication of the book) and questions and answers concerning the valuation system. A copy may be obtained from the U.S. Customs Service, Office of

Regulations and Rulings, Value Branch, 1301 Constitution Avenue, N.W., Franklin Court Building, Washington, D.C. 20229.

Customs Valuation Encyclopedia (with updates) is comprised of relevant statutory provisions, Customs Regulations implementing the statute, portions of the Customs Valuation Code, judicial precedent, and administrative rulings involving application of valuation law. A copy may be purchased for a nominal charge from the Superintendent of Documents, Government Printing Office, P.O. Box 371954, Pittsburgh, Pennsylvania 15250-7054.

Additional information may be obtained from Customs ports of entry. Please consult your telephone directory for a Customs office near you. The listing will be found under U.S. Government, Treasury Department.

READ ME!!!

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